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**La Gazette de L'État de Poudouchéry**  
**The Gazette of Puducherry**  
**PART - II**

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(4 Agrahayana 1931)

GOVERNMENT OF PUDUCHERRY  
FINANCE DEPARTMENT (WAYS & MEANS)  
CHIEF SECRETARIAT

[G.O. Ms. No. 143/FD(W&M)/2009, dated 19th November 2009]

NOTIFICATION

Whereas the Reserve Bank of India have called upon the Administration to have a revised Consolidated Sinking Fund Scheme in this Union Territory and for this purpose have forwarded a revised model Scheme for constitution and administration of the Consolidated Sinking Fund of the Government of Puducherry;

And whereas the proposal of the Reserve Bank of India has been taken into consideration and it has been decided to accede to the request of the Reserve Bank of India in the matter;

Now, therefore, the Lieutenant-Governor, Puducherry is pleased to make the following scheme to provide for the constitution and administration of the Consolidated Sinking Fund for the Government of the Union territory of Puducherry, namely:—

1. *Short title and commencement.*— (1) This scheme may be called The Puducherry Consolidated Sinking Fund Scheme, 2009.

(2) It shall be deemed to have come into force with effect from the financial year 2009-10.

2. *Definition.*— In this scheme, unless the context otherwise requires,—

(a) “Bank” means the Reserve Bank of India constituted by the RBI Act, 1934.

(b) “Fund” means the Puducherry Consolidated Sinking Fund.

(c) “Government” means the Administrator of the Union territory of Puducherry appointed by the President under article 239 of the Constitution.

3. *Constitution of the Fund.*— The Fund will be constituted by the Government of Puducherry for redeeming its outstanding liabilities.

4. *Objective of the Scheme.*— The Fund is to be utilized as an Amortization Fund for redemption of the outstanding liabilities of the Government commencing from the financial year 2014-15.

**Explanation :** For the purpose of this para,—

(a) the interest accrued and accumulated in the Fund only shall be utilized towards the redemption of the outstanding liabilities of the Government as hereinafter provided.

(b) the fund shall not be utilized for any purpose other than redemption of the outstanding liabilities of the Government:

Provided that the net incremental annual investment of States (*i.e.*, outstanding balance over and above the level in the corresponding period of the previous year) shall be eligible for availing Special WMA such that the availment of Special WMA under this provision does not exceed the Normal WMA limit;

(c) the outstanding liabilities are defined to comprise of internal debt and public account liabilities of the Government.

5. *Contributions to the Fund.*— The Government may contribute to the Fund on a modest scale of at least 0.5 percent of the outstanding liabilities as at the end of the previous year beginning with the financial year 2009-10. The Government shall make efforts to raise the minimum contribution every year. There is no ceiling on such contributions to the Fund in terms of number of times of making contributions in a year. It is open to the Government to invest in the Fund from the General Revenue at any time or from other sources such as disinvestment proceeds to the Fund, at its discretion. The Government shall not fund its contributions to the Fund out of borrowings from the Reserve Bank.

6. *Relationship of the Fund with General Revenues.*— The corpus of the Fund comprising the periodic contributions as well as the income accruing to the Fund shall be kept outside the General Revenue of the Government. The fund shall be utilized in the manner prescribed in this Scheme.

7. *Administration of the Fund.*— The Fund shall be administered by Central Accounts Section of Reserve Bank of India at Nagpur (hereinafter referred to as the Bank), subject to such directions / instructions as the Government may issue from time to time.

8. *Investment of the corpus of the Fund.*— The accretions to the Fund shall be invested in Government of India Securities of such maturities as the Bank may determine from time to time in consultation with the Government.

**Explanation :** For the purpose of this para,—

(a) the accretions to the Fund shall include the periodic contributions and the income accruing to the Fund from investment thereof.

(b) the Bank will make available the securities for investment either from its own investment portfolio or by acquiring the securities from the secondary market, without loading any charge other than that indicated in paragraph 10.

9. *Account transactions.*— (a) The Bank would arrange to raise debit to the account of the Government maintained with it as per the advice of the Government.

(b) The contributions to the Fund shall be invested by the Bank in Government of India Securities as indicated in paragraph 8 in multiples of Rs. 10,000.

(c) The periodic accretion to the Fund by way of interest income shall be reinvested by the Bank in a similar manner, in multiples of Rs.10,000.

(d) The investments held in the Fund and maturing during currency of the Scheme shall be reinvested in accordance with paragraph 8.

(e) No withdrawals will be allowed from the Fund until 2013-14.

**Explanation :** For the purpose of this para,—

(a) withdrawals may be allowed in the financial year 2014-15 from out of the interest income accrued and accumulated in the Fund up to the financial year 2013-14 towards the redemption of the outstanding liabilities of the Government as per its directions. Similarly, withdrawals may be allowed in the financial year 2015-16 from out of the interest income accrued and accumulated in the Fund up to the financial year 2014-15 towards the redemption of the outstanding liabilities of the Government as per its directions and so on;

- (b) the contribution forming the corpus of the Fund shall remain intact, until substantial amount is built up. A review thereof may be taken at an appropriate period from 2014-15;
- (c) the debit to Government on account of the periodic instalments will be accounted under the major head 8222 (Reserve Funds). On the maturity of the loan, the balance outstanding under the head 8222 (sub-head Sinking Fund) is credited to the head 8660 (Miscellaneous Government Account) Ledger Balance Adjustment Account;
- (d) the Bank shall scroll to the Government the debit on account of investment less the incidental charges in the usual course. However, in order to ensure that the investment transactions of the Fund, do not get mixed up with other transactions, these will be indicated distinctly in separate scrolls;
- (e) the Bank shall arrange to collect interest on the investments and credit the same to the Fund on the due dates;
- (f) On the maturity of the securities, the Bank shall arrange to redeem the securities. In case of premature disinvestment to meet the liability on account of the claims to be paid, the Bank will decide on the securities to be encashed in consultation with the Government and sell the securities at the ruling price and credit the amount realised, less incidental charges to the Fund. As in the case of the debit scrolls, the Bank shall use separate scrolls for the receipts;
- (g) the provision for expenditure on account of the periodic contributions shall be made in the Budget of the Government under the relevant head.

The extent of expenditure to be financed from the Fund shall be withdrawn from the Fund by the disposal of the investment;

- (h) the Bank shall open a Current Account and Subsidiary General Ledger Account in the name of the Fund and furnish to the Government as at the end of September and March each year, a statement showing the details of investments.

10. *Service charges for administration of the Fund.*— The Government shall pay to the Bank a commission at the rate of 1/8 percent of one percent on the turnover of the Fund or at the rate to be mutually decided from time to time.

11. *Accounts and audit.*— The accounts of the Fund and the investment shall be maintained by the Accountant-General having jurisdiction over the Union territory of Puducherry in the normal course. The Bank will maintain subsidiary accounts in such manner and details as may be considered by the Government in consultation with the Accountant-General.

12. *Savings.*— The Government shall issue instructions relating to the provisions of the scheme as may be considered from time to time to enable smooth functioning of the scheme. In case of any difficulty in the operation of any provision of scheme, the Government may, if satisfied, relax the provision.

(By order of the Lieutenant-Governor)

**NUTAN GUHA BISWAS,**  
Secretary to Government (Finance).